

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY AND MIDAMERICAN ENERGY COMPANY	DOCKET NOS. SPU-02-21 SPU-02-23
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ORDER REQUIRING ADDITIONAL INFORMATION

(Issued April 4, 2003)

In its continuing review of the information filed in these proceedings, the Utilities Board (Board) has questions for the Consumer Advocate Division of the Department of Justice, Interstate Power and Light Company, and MidAmerican Energy Company. In order to give all parties an opportunity to review the responses prior to the hearing, the Board will require that the responses be filed on or before April 11, 2003.

Questions for Consumer Advocate

1. TRANSLink witness Olson calculated a zone of reasonableness for the return on common equity of 12.5 percent to 14.5 percent to show that all the requested returns for each of the TRANSLink participants are reasonable. Do you agree with this zone of reasonableness? If not, please explain why not and provide a zone of reasonableness you would support. Provide workpapers used to calculate this range.

2. MidAmerican witness Walker and TRANSLink witness Olson both support the use of MidAmerican's most recent composite retail earned and allowed returns on cost of equity of 13.71 percent instead of the Federal Energy Regulatory Commission (FERC) approved 12.88 percent to apply to its transmission assets. Explain whether you believe this should be used as the return for MidAmerican. Why or why not?

3. On page 6 of Mr. Olson's direct testimony, lines 4 to 13, he explains that TRANSLink needs a 13.5 percent return on equity in order to attract the significant capital needed to construct new transmission assets to be built and owned by TRANSLink. He further explains that "this higher return for assets owned and operated by an independent transmission entity such as TRANSLink is consistent with the Commissioners' oral comments at the agenda meeting regarding the September 23, 2002 Order." Do you agree that a 13.5 percent return on equity is actually needed to attract the capital needed by TRANSLink? Explain why or why not. Also, do you believe that TRANSLink's proposal is consistent with the oral comments referenced above? Explain why or why not.

Questions for MidAmerican and Interstate Power

1. What limits are there on TRANSLink's customers for transmission service? In other words, could TRANSLink provide transmission service directly to an industrial customer?

2. What is your understanding of FERC's statement that there is always a distribution facility between transmission facilities and an end-user? Is this true even if power is delivered at 69 KV or higher voltage?

3. If FERC were to change its position and allow an independent transmission company to provide third-party transmission service, can you give assurances that TRANSLink would not offer such service in states with exclusive service territory legislation?

4. How do you understand FERC's statements that it will accept transmission tariffs with rates at the same level as the transmission component of current bundled rates? Does TRANSLink plan to file rates on that basis?

5. Will TRANSLink manage any facilities that are delineated as distribution facilities? If yes, what service would TRANSLink be performing over those facilities – transmission or distribution?

6. Please explain the increase/decrease in costs to Iowa retail ratepayers that would be a result of the transfer of operational control or ownership of the Iowa transmission system to TRANSLink.

IT IS THEREFORE ORDERED:

The Consumer Advocate Division of the Department of Justice, Interstate Power and Light Company, and MidAmerican Energy Company are to provide responses to the information identified in this order on or before April 11, 2003.

UTILITIES BOARD

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 4th day of April, 2003.